



MEMORANDUM

Date: January 25, 2022

To: Michigan Strategic Fund (“MSF”) Board Members

From: Josh Hundt, Executive Vice President, Chief Business Development Officer
Stacy Bowerman, Senior Vice President, Business Development Projects and Services
Erik Wilford, Senior Business Development Project Manager

Subject: Incentive Request

General Motors LLC (“GM”) Request – Critical Industry Program (CIP) Grant Request
Ultium Cells LLC (“Ultium”) Request - Renewable Energy Renaissance Zone/MSF Designated Renaissance Zone
Lansing Economic Area Partnership (“LEAP”) Request– Strategic Site Readiness Program (SSRP) Grant Request

Request Summary

This is a request from the above-named entities (collectively the “Applicants”) for incentive assistance for expansions in the City of Lansing (Delta Township), Eaton County and Orion Township, Oakland County. Minimum job creation and investment requirements for each incentive is outlined below. In total, the project has the potential to result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing (Delta Township), Eaton County and Orion Township, Oakland County.

To support this project, the Applicants are requesting the following:

- **GM Request:** \$600 million CIP Grant for the creation of a minimum of 3,200 jobs with the potential for up to 4,000 new jobs related to the GM Expansion and Ultium Expansion, which the total grant amount will be split between GM and Ultium, as outlined in the attached Term Sheet (“CIP Request”);
- **Ultium Request:** A Renewable Energy Renaissance Zone for a period of 18 years or an MSF Designated Renaissance Zone in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone on or before December 31, 2022, which will require a minimum investment of \$1.5 billion with the potential for up to \$2.5 billion (“Renaissance Zone Request”), and;
- **LEAP Request:** \$66.1 million SSRP Grant for public infrastructure and utility upgrades (“SSRP Request”).

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects like this investment by GM and Ultium that will bring long-term economic opportunity and security to regions and communities across the state.

Today’s request will be the first transformational investment in Michigan as a result of the creation of the Critical Industry Program and Strategic Site Readiness Program, securing a up to \$6.5 billion investment in Michigan by GM and LG Energy Solution for its all-electric future and creating a minimum of 3,200

jobs up to 4,000 jobs here in the state, including up to \$4 billion to convert its Orion Township assembly plant to build full-size EV pickups and a minimum of \$1.5 billion up to \$2.5 billion to build Ultium's 3rd US battery cell plant in Lansing.

In addition to allowing the company to rapidly expand its electric truck and battery cell capacity, additional GM investments in Lansing Delta Township and Lansing Grand River assembly plants also demonstrate the company's ongoing commitment to supporting near-term products, and related jobs and an additional \$500 million in capital investment in Michigan.

Project Description

In response to an effort to shift to an all-electric future, GM committed to 30 new global Electric Vehicles (EV). This shift will make a meaningful impact toward building a zero-emissions future. In June of 2021, General Motors announced it will increase its previously announced EV and Autonomous Vehicle (AV) investments from 2020 through 2025 to \$35 billion. The investment includes the following:

- Accelerating Ultium battery cell production in the United States
- Commercializing U.S.-made Ultium batteries and HYDROTEC fuel cells
- Expanding and accelerating the rollout of EVs for retail and fleet customers
- Safely deploying in self-driving technology at scale

GM and Ultium are proposing the largest investment in the Company's history to be made here in Michigan as a next step in a U.S. manufacturing investment strategy, including offering quality jobs for workers and a commitment to ongoing manufacturing in Michigan communities. The initial plans include the following expansions in Orion Township facilities ("GM Expansion"), the City of Lansing (Delta Township) ("Ultium Expansion") as well as necessary public infrastructure upgrades to support the Ultium Expansion ("LEAP Infrastructure Assistance").

GM Expansion:

GM is considering an expansion at its Orion Township facility for conversion of part of the site to electric vehicle production to support EV trucks. A significant portion of the capital spending is for expansion of the existing site, including several additions totaling over 3 million square feet, renovation to certain areas of the facility and site improvements over the next 3-5 years along with machinery, equipment and special tooling. To support this expansion, the Company anticipates the creation of up to 2,300 new jobs and up to \$4 billion in capital investment. The project will also retain 1,000 existing employees in Orion Township.

Ultium Expansion:

Ultium is considering plans, beginning first quarter 2022, to construct a new high volume battery cell manufacturing facility in the City of Lansing revenue sharing 425 agreement area with Delta Township. The building and related site improvements will be approximately 2.5 million square feet; nearly two-thirds of the area under roof will be a clean room environment. The machinery and equipment would consist of electrode mixing, coating, assembly and formation areas. Each area of the process has uniquely designed pieces of equipment to allow for the high-volume output necessary to produce cells at this capacity. The project is anticipated to result in the creation of up to 1,700 new jobs and a minimum of \$1.5 billion up to \$2.5 billion in capital investment. Skills required for the new positions will vary depending on the type of work which will include a wide range of opportunities.

As part of the Lansing Economic Area Partnership's (LEAP) leadership with his project, they held a meeting with Ultium and GM leadership to discuss future talent pipeline development in support

of this proposed plant. There is likely to be strong partnerships developed that will focus on local talent development, for the Ultium plant, with particular focus on the diversity and inclusion of that potential talent pipeline.

As Michigan works to secure its leadership in automotive and EV manufacturing, the Ultium Expansion will continue to ensure long term economic opportunity for the manufacturing workforce in the region, as well as solidifying and strengthening jobs and growth across the supply chain throughout the state.

LEAP Infrastructure Assistance:

This is a transformational project for the City of Lansing/Delta Township. It is also, by far, the single largest project in its history. As a comparison, the Lansing Delta plant originally cost in the range of \$1 billion. MSU's Facility for Rare Isotope Beam facility is \$770 million. The new McLaren hospital \$600 million. This particular plant usage of infrastructure is beyond what any entity could have conceivably planned for. In order to construct the new assembly plant, Delta Township and Lansing Board of Water and Light must profoundly and rapidly expand infrastructure capacity in support of the site. The total cost to upgrade the infrastructure is expected to be a minimum of \$66.1 million, which includes electrical, water, sewer and wastewater upgrades. LEAP is applying for SSRP incentive assistance on behalf of the Lansing Board of Water and Delta Township. Lansing Board of Water and Light will upgrade electrical infrastructure and Delta Township will be responsible for water, sewer and wastewater upgrades. The LEAP Request will be performance-based and disbursed to LEAP as evidence of commitments and/or expenses are made for public infrastructure activities.

Project Impact:

The automotive industry is in an accelerated, full-fledged transition to electrified propulsion, the impact of which will be transformative and far-reaching. In order to maintain automotive manufacturing relevance, let alone leadership, it is imperative for the State of Michigan to capture as much investment in the research, development, and production of advanced battery technologies as possible. Unlike traditional power train systems (e.g., engines and transmissions) EV battery packs must be produced in proximity to vehicle assembly. Shipping long distance is not an option. Therefore, to grow Michigan's vehicle assembly opportunities, one must either, through collective bargaining, negotiate future vehicle platforms into existing facilities, or ensure that there is a ready supply of nearby battery production. Further, the more the state grows its battery production capacity, the better positioned it will be to win future OEM vehicle assembly plants and related suppliers including potential chipmakers.

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Batteries require special materials to produce anodes, cathodes, and electrolyte. Michigan has a growing supply chain producing all of these components, but will also have the opportunity to attract new investment with increased demand. Battery production requires highly integrated and automated manufacturing processes, providing significant growth opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in internal combustion engine (ICE)-related firms to transition into this new, growing sector.

It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years.

The shift to electrification is truly revolutionary, and investment decisions being made now will have positive or detrimental impacts on regions for decades to come. The importance of securing this investment to both the local and broader state economy cannot be overstated.

Employment Impact

The project will be significant to the area by bringing a large amount of well-paying manufacturing jobs to the State. The average hourly wage for the project in Eaton County is \$22.50 which is above county ALICE target wage of \$19.88 and the average hourly wage for the project in Oakland County is \$27 which is above the county ALICE target wage of \$22.57. The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Michigan. Both facilities are located close to geographically disadvantaged areas which will provide residents with employment opportunities and the Company with a talent pipeline. Based on an evaluation of the new job creation which included job codes, average hourly wages, training, healthcare coverage and minimum education and experience, it was determined that all new jobs created are designated as pathway jobs, a key strategic focus area for statewide economic growth.

It is important to note that LEAP continues to work with local public transportation organizations in hopes of improving regular bus route activities to and from the job sites, specifically to Delta's industrial tract area including the Ultium plant, to dense population areas of the region.

Applicant History

General Motors LLC was formed in 2009 to carry on the tradition of General Motors Corporation which was established in 1908. The Company manufactures vehicles in 37 countries under core automobile brands Chevrolet, Buick, GMC and Cadillac. GM has roughly 155,000 employees spread throughout 396 facilities on six continents. With its global headquarters in downtown Detroit, the company is the largest U.S. automobile manufacturer. GM has set a goal of selling only electric passenger vehicles by 2035. These plans include a release of 30 electric vehicles by 2025 requiring investment of \$35 billion in electric and autonomous vehicles.

On June 25, 2009, the Michigan Economic Growth Authority (MEGA) Board approved a Global Retention MEGA tax credit for GM that included all existing Retention credits, as well as the opportunity to keep the Orion facility in Michigan. On January 22, 2020, the MSF Board approved the most recent amendment to the MEGA tax credit to adjust the maximum employment requirements at the Warren Technical Center and the Renaissance Center to better align with the Company's structure. The amendment increased the required weekly wage from \$650 to \$1,300 as well as increased required investment to at least \$3.5 billion over the next 10 years.

Ultium Cells LLC was formed in 2019 as a joint venture between General Motors Holdings LLC and LG Energy Solution Michigan, Inc. The Joint Venture was formed to manufacture battery cells and capacity to be used in future vehicle and transportation applications and is currently launching operations with the Company of two battery manufacturing facilities in Lordstown, Ohio and Spring Hill, Tennessee.

A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Demonstrated Need

GM and Ultium have been involved in a multi-state site selection to determine where to locate the new high volume battery cell manufacturing facility and investment. Consideration on placement includes site availability and site readiness as well as costs of implementation and ongoing operations, availability of

talent, utility and labor costs. GM has considered Michigan for previous battery cell manufacturing projects but ultimately chose locations in the key competitor states of Ohio and Tennessee based on incentive assistance offered by those states. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly in a highly competitive environment.

In addition to MSF support, Orion Township also approved PA 198 real property tax abatements. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved Orion Township abatement in support of the GM Expansion. The city of Lansing has unanimously approved a Renewable Energy Renaissance Zone and PA 198 agreement. Lansing and Delta also both passed unanimously an extended 425 revenue sharing agreement for the plant for 25 years. The Lansing Board Of Water and Light's Board of Commissioners also unanimously passed a special electric rate for Ultium.

Request

In order to secure the project in Michigan, the Applicants are requesting the following incentives:

- A \$600,000,000 CIP performance-based grant
- A \$66,100,000 SSRP performance-based grant
- A Renewable Energy / MSF Designated Renaissance Zone estimated to be worth \$158 million

The request will appropriately and necessarily address the cost disadvantage of locating the project in Michigan when compared to competing sites outside of the State which include competitive incentive offers. Incentive support also is critical to confirming a long-term commitment by the Company to ensure that its all-electric future will continue to offer quality jobs for workers and communities here in Michigan, as well as ensure a strong supply chain for potential additional growth. Inception of a high-volume battery cell manufacturing facility in the region is expected to be a catalyst for future investment and growth in the State and continue to secure Michigan's leadership in the evolution of automotive manufacturing from the internal combustion engine to electric vehicles.

The project aligns with the organization's strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industries of **mobility and automotive manufacturing** and **advanced manufacturing**. The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. In total, the project would result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing (Delta Township), Eaton County and Township of Orion, Oakland County.

Appendixes A-C address programmatic considerations.

Funding

Together, the CIP and SSRP will be funded through the Strategic Outreach and Attraction Reserve ("SOAR") Fund, with initial funding currently appropriated at \$1 billion. Upon MSF approval of the recommendations for the CIP Request and SSRP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Recommendation

MEDC Staff recommends approval of the following:

- **GM Recommendation**
Approval of the CIP Request for a minimum of 3,200 new jobs with the potential for up to 4,000 new jobs, which the total grant amount will be split between GM and Ultium, as outlined in the attached resolution.
- **Ultium Recommendation**
Approval of a Renewable Energy Renaissance Zone for a period of 18 years, or an MSF Designated Renaissance Zone in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone on or before December 31, 2022, for a minimum investment of \$1.5 billion with the potential for up to \$2.5 billion in the City of Lansing (Delta Township), Eaton County; and
- **LEAP Recommendation:**
Approval of the SSRP Request as outlined in the attached resolution.

APPENDIX A – CIP Programmatic Considerations

Key Statutory Criteria

Per section 88s of Act 270, the MSF shall consider at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF to the type of project proposed before entering into a written agreement for a qualified investment:

- a) **The importance of the Project to the Community where it is located:**

The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing, Eaton County and Township of Orion, Oakland County.
- b) **If the Project will act as a Catalyst for Additional Revitalization of the Community and in Michigan:**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- c) **The amount of local financial and Community Support of the Project:**

The City of Lansing has authorized an 18-year Renaissance Zone and a PA 198 of 1974 (“PA 198”) tax abatement in support of the Ultium Expansion. Orion Township has offered a PA 198 tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- d) **The Applicant’s Financial Need for a Qualified Investment from the CIP:**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes costs of implementation and ongoing operations, availability of talent, utility and labor costs. Incentive assistance is necessary to defray additional costs incurred in Michigan compared to other locations.
- e) **The extent of reuse of Public or Private Vacant Buildings, Reuse of Historic Resources, and Redevelopment of Blighted Property:**

Not applicable
- f) **The Creation or Retention of Qualified Jobs as a Result of a Technological Shift in Product or Production at the Project Location and Michigan:**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- g) **The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits:**

Additional incentive support includes the following: a Strategic Site Readiness Grant to Lansing Economic Area Partnership in the amount of \$66.1 million for infrastructure upgrades to support the Ultium Expansion; an 18 year Renaissance Zone estimated to be worth \$158 million and a PA 198 property tax abatement estimated to be worth \$4.6 million to support the Ultium Expansion; a PA 198 property tax abatement estimated to be worth \$23.1 million and a State Education Tax Abatement estimated to be worth \$5.5 million to support the GM Expansion.
- h) **The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business’s own investments in the project:**

Private capital investment is estimated to reach \$6.5 billion and will support new building construction, machinery and equipment and other personal property.

i) Whether and How the Project is Financially and Economically Sound:

A financial review of the Company was completed and confirmed the Company's ability to finance the project. The project is in response to an effort to shift to an all-electric product line which has been identified as the Company's future business plan.

j) Whether and How the Project Promotes Sustainable Development:

In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.

k) Whether and How the Project Involves the Rehabilitation of a Historic Resource:

Not applicable

l) Whether and How the Project Addresses Areawide Redevelopment and its Overall Economic Benefit to the Existing Supply Chain:

Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.8. This means that an additional 2.8 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$28.8 billion in new personal income in Michigan.

m) The Extent and Level of Environmental Contamination:

An environmental assessment of the Lansing site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility GM is in compliance with all environmental permits and regulations at Orion.

n) Whether and How the Project will Compete with or effect Existing Michigan Businesses Within the Same Industry:

The proposed facility will produce a product for the Company which is not currently available from other Michigan businesses and would not pose any competition. Also, the products being produced at this facility will be utilized in vehicles that are sold in North America, not just Michigan, thus bringing in new revenue to the state.

o) Whether and How the Project's Proximity to Rail and Utility will Impact Performance of the Project and Maximize Energy and Logistics needs in Michigan and in the Community Where the Project is Located:

Final logistics plan still is under development. However, the Applicants do not anticipate a negative impact.

p) The Risk of Obsolescence of the Project, Products, and Investments in the Future:

While Applicants cannot predict what will happen in the future, it is believed this project will create products that will deliver value to our customers into the foreseeable future.

q) The Overall Return on Investment to Michigan:

In total, the project will result in over \$1.5 billion in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

r) How the Project Addresses Food Supply Challenges:

Not applicable

s) Other Factors Considered:

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Battery production requires highly integrated and automated manufacturing processes, so there will be major opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in ICE-related firms to transition into this new, growing sector.

APPENDIX B – SSRP Programmatic Considerations

Key Statutory Criteria

Per section 88t of the MSF Act, to the extent reasonably applicable as reasonably determined by the MSF board to the type of project proposed, the MSF shall consider and document at least all of the following criteria for all SSRP awards before entering into a written agreement:

- **The importance of the project or Eligible Activities to the community in which is located and Michigan;**

The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 1,700 new jobs and a capital investment of up to \$2.5 billion in the City of Lansing (Delta Township), Eaton County.

- **If the project will act as a catalyst for additional revitalization of the community where it is located and Michigan;**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.

- **The amount of local community and financial support for the project;**

The City of Lansing has authorized an 18-year Renaissance Zone and a PA 198 of 1974 (“PA 198”) tax abatement in support of the Ultium Expansion.

The Lansing Board of Water and Light has authorized special electric rates.

Delta Township and Lansing have approved a renewed 25 year extension to a 425 revenue sharing agreement for the site.

- **The amount of any other economic assistance or support provided by Michigan for the project;**

Additional incentive support includes the following: a Critical Industry Grant of up to \$600 million; an 18-year Renaissance Zone estimated to be worth \$158 million, and a PA 198 property tax abatement estimated to be worth \$4.6 million to support the Ultium Expansion. The Board of Water and Light’s electric rate savings for Ultium may total \$937 million over 20 years.

- **The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;**

Not applicable

- **The amount of any private funds or investments for the project, including the Eligible Applicant’s own investments in the project;**

Private capital investment is estimated to reach \$2.5 billion and will support new building construction, machinery and equipment and other personal property.

- **The Eligible Applicant’s financial need for a grant, loan, or other economic assistance under the SSRP;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;**
Not applicable
- **Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;**
Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- **Whether and how the project is financially and economically sound;**
A financial review of the Company was completed and confirmed the Company's ability to finance the project. The project is in response to an effort to shift to an all-electric product line which has been identified as the Company's future business plan.
- **Whether and how the project converts abandoned public buildings to private use;**
Not applicable
- **Whether and how the project promotes sustainable development;**
In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.
- **Whether and how the project involves the rehabilitation of a historic resource;**
Not applicable
- **Whether and how the project addresses areawide redevelopment;**
Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.8. This means that an additional 2.8 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$28.8 billion in new personal income in Michigan.
- **Whether and how the project addresses underserved markets of commerce;**
The proposed facility will produce a product for the Company which is not currently available.
- **The level and extent of environmental contamination;**
An environmental assessment of the Lansing site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility.
- **Whether and how the project will compete with or affect existing Michigan businesses within the same industry;**
The proposed facility will produce a product for the Company which is not currently available from other Michigan businesses and would not pose any competition. Also, the products being produced at this facility will be utilized in vehicles that are sold in North America, not just Michigan, thus bringing in new revenue to the state.
- **Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;**
Final logistics plan still is under development. However, the Applicants do not anticipate a negative impact.
- **The risk of obsolescence that the project, products, and investments in the future;**

While Applicants cannot predict what will happen in the future, it is believed this project will create products that will deliver value to our customers into the foreseeable future.

- **The overall return on investment to Michigan;**

In total, the project will result in over \$1.5 billion in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

- **Whether the proposed Strategic Site is incorporated into a strategic plan of a political subdivision of Michigan;**

Our existing Comprehensive plan includes and identifies Section 28, 32, and 33 of the Township (The GM site/425 area) for economic development projects as shared goal with the City of Lansing. The plan lists the 25 year 425 agreement that was executed in 2000 and subsequently updated at the end of 2021 for an additional 25 years.

Additionally, under Section 88t of the MSF Act, since the end user of the Strategic Site is identified, the MSF Board shall also consider:

- **The strategic economic importance of the project to the community where it is located and Michigan;**

The proposed project will impact the regions around Eaton County with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 1,700 new jobs and a capital investment of up to \$2.5 billion in the City of Lansing, Eaton County.

- **Whether the financial assistance is needed to secure the project in Michigan;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;**

In 2000, GM bought approximately 1000 acres of property, from a private family, to accommodate its new Lansing Delta assembly plant. This property sits on the edge of what is the Ingham, Eaton and the Clinton County region's largest industrial tract of land located in Delta Township. This approximately 3000 acre area is anchored by a Meijer statewide distribution center and many auto suppliers; 650 acres were left vacant, by GM, next to its new assembly plant. The 1000 acres was fully transferred, at that time, via a 425 revenue sharing agreement, to the city of Lansing from Delta Township for 25 years, expiring in 2025. That 425 has now been amended and extended another 25 years. As part of that process, the land was zoned, and master planned industrial. This 1000 acres has been planned and proposed for further GM industrial expansion for the last 25 years.

- **The level of creation or retention of Qualified Jobs as a result of a technological shift in product;**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.

- **Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;**

The average wage of the Qualified Jobs created will exceed the average wage for the county. The average hourly wage for Eaton County is \$21.13, the average hourly wage for the Qualified Jobs created will be \$22.50.

- **The level of capital investment;**

The Ultium Expansion project is anticipated to result in up to \$2.5 billion in capital investment.

- **The evidence of the End User's commitment to the site;**
Ultium has committed to expanding at the site.

APPENDIX C – Renaissance Zone Programmatic Considerations

PROJECT EVALUATION

Job Creation

Up to 1,700 by December 31, 2030

Ultium Private Investment

A minimum of \$1.5 million by December 31, 2027

Size

2.5-million square feet of building and related site improvements

Tax Information

It is estimated that an average of \$8.8 million will be abated annually in property taxes.

Period of Designation

18-year designation

ADDITIONAL INFORMATION

Other Local Support

The City of Lansing has also approved a PA 198 in support of the project. The estimated value of the abatement is \$4.6 million over 12 years.

Development Agreement

A development agreement will be entered into between Ultium and the Michigan Strategic Fund.

Legislative Information

Senator: Tom Barrett - State Senate District 24

Representative: Angela Witwer - State House District 71

MICHIGAN STRATEGIC FUND

RESOLUTION

2022-009

**APPROVAL OF THE
CRITICAL INDUSTRY PROGRAM GRANT TO
GENERAL MOTORS LLC AND ULTIUM CELLS LLC**

WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

WHEREAS, pursuant to Section 88s of the MSF Act, MCL 125.2088s, the MSF shall create and operate the critical industry program to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments (the “Critical Industry Program”);

WHEREAS, the Critical Industry Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Critical Industry Program and approved the guidelines for the implementation and operation of the Critical Industry Program;

WHEREAS, General Motors LLC (“GM”) and Ultium Cells LLC (“Ultium”) submitted an application on January 14, 2022 seeking a Critical Industry Program grant in the amount of \$600,000,000, which total grant amount will be split, at the request of GM, between GM and Ultium, in order to support a collective capital investment of more than \$3,000,000,000 and a minimum of 3,200 Qualified Jobs in the City of Lansing and the Township of Orion in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, the MEDC recommends the MSF approve the Grant Request, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, the MEDC further recommends that the MSF Board authorize the MSF Fund Manager to approve the allocation of the Critical Industry Program grant between GM and Ultium, as well as the corresponding capital investment and Qualified Jobs obligation of each company under the Grant Request (the “Award Allocation Request”) subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request and the Award Allocation Request.

NOW, THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request and the Award Allocation Request;

BE FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate final terms and conditions, and to execute all documents necessary to effectuate, the Grant Request and the Award Allocation Request.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
January 25, 2022

EXHIBIT A

Awardee: General Motors LLC (the “Company”)

MSF Award: Up to \$600 million

MSF Disbursement Parameters: MSF disbursements to the Company will be based on quarterly reimbursements for Eligible Expenses, which will include hard costs for site preparation, construction, infrastructure, development, machinery, and equipment to establish (i) production of a new battery powered vehicle product in Orion Township, Michigan (“Orion Plant”), and (ii) a new battery cell manufacturing plant in the City of Lansing (“Ultium Battery Plant”)

Jobs Commitment: Creation of 3,200 Qualified Jobs by the Term of the Agreement, and maintenance through the Term of the Agreement of 1,000 retained jobs at the Orion Plant

- Qualified Jobs must be created by the Company, Ultium Cells LLC, LG Energy Solution Michigan, Inc., GM Subsystems Manufacturing, LLC, and/or GM Components Holdings, LLC at either the Orion Plant or the Ultium Battery Plant

Repayment Provisions: The MSF may require repayment for: (i) failure to obtain the Jobs Commitment (proportional), (ii) mass relocation of jobs out of state, and (iii) breach of representations, misappropriation, insolvency. All Repayment Amounts must be paid within 90 days of notification by MSF; Any amounts not paid within 90 days are subject to a penalty of 1% per month, prorated on a daily basis.

Potential Assignment: The Company may assign a portion of the MSF Award to Ultium Cells LLC. In that event, the MSF would enter into a separate agreement with Ultium Cells LLC, which would include rights to receive grant disbursements, a proportional assignment of the Jobs Commitment, and other terms and conditions commensurate with the Company’s, as approved by the MSF Fund Manager

Term of the Agreement: December 31, 2030

Other terms and conditions:

(i) In the event the Company meets the Jobs Commitment, maintains the Qualified Jobs for 6 months, and incurs \$3 billion in Eligible Expenses prior to the Term of the Agreement, the Company may elect to terminate the agreement early (the “Early Termination Option”). If there is an Assignment, the Early Termination Option will require: (i) attainment of the terms of the Early Termination Option by the Company and Ultium Cells LLC, collectively, and (ii) for both the Company and Ultium Cells LLC to elect the Early Termination Option.

(ii) The Company (and Ultium Cells LLC if there is an Assignment) will provide annual reporting required by MCL 125.2009.

(iii) Any other requirements of the Critical Industries Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, the provisions of Section 88s.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-010**

**RENEWABLE ENERGY FACILITY RENAISSANCE ZONE:
ULTIUM CELLS LLC**

WHEREAS, Section 8e of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the State Administrative Board to designate up to fifteen (15) renaissance zones for renewable energy facilities (a “Renewable Energy Renaissance Zone”), upon recommendation by the Michigan Strategic Fund (the “MSF”) and the consent of the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, the State Administrative Board, at the recommendation of the MSF, has designated nine (9) of the fifteen (15) Renewable Energy Renaissance Zones available under the Act;

WHEREAS, Section 8a(2) of the Act authorizes the MSF to designate up to twenty seven (27) renaissance zones (an “MSF-Designated Renaissance Zone”) at the application of a qualified local governmental unit and with the consent of the city, village, or township within which the boundaries of the MSF-Designated Renaissance Zone reside;

WHEREAS, the MSF has designated twenty two (22) of the twenty seven (27) MSF-Designated Renaissance Zones available under the Act;

WHEREAS, on June 28, 2016, via MSF Resolution 2016-091, the MSF adopted guidelines for MSF-Designated Renaissance Zones (the “Guidelines”), which require, among other things, that the term of any MSF-Designated Renaissance Zone be limited to a maximum of fifteen (15) years (the “Term Limit”);

WHEREAS, the Michigan Economic Development Corporation (the “MEDC”) provides administrative services to the MSF for the renaissance zone program;

WHEREAS, the MEDC received an application from the City of Lansing (the “Application”) for a Renewable Energy Renaissance Zone for Ultium Cells LLC (the “Company”) under Section 8e of the Act for property parcel 23-50-40-32-250-001 in Delta Township that is under a conditional transfer of property by contract to the City of Lansing via PA 425 of 1984 (the “Property”);

WHEREAS, the Company’s operations qualify as a renewable energy facility because it focuses on research, development, or manufacturing of systems or components of systems that involve the conversion of chemical energy for advanced battery technology, as described under Section 3(r) of the Act (the “Company’s Renewable Energy Facility”); and

WHEREAS, the MEDC recommends that the MSF Board approve the Application for recommendation to the State Administrative Board to designate a Renewable Energy Renaissance Zone for the Company’s Renewable Energy Facility for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, subject to the following conditions:

- 1) On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and
- 2) On or before December 31, 2022, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

WHEREAS, the MEDC further recommends that the MSF approve an MSF-Designated Renaissance Zone for the Company for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, in the event that the State Administrative Board does not approve the Renewable Energy Renaissance Zone designation consistent with this Resolution on or before December 31, 2022, subject to the following condition:

1) On or before April 30, 2023, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application for recommendation to the State Administrative Board to designate a Renewable Energy Renaissance Zone for the Company's Renewable Energy Facility for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, subject to the following conditions: (the foregoing and the following, the "RERZ Recommendation")

1) On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and

2) On or before December 31, 2022, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

BE IT FURTHER RESOLVED, that in the event that the State Administrative Board does not approve the RERZ Recommendation, the MSF approves an MSF-Designated Renaissance Zone for the Company for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, and waives the Term Limit, subject to the following condition:

1) On or before April 30, 2023, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute a development agreement and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to transmit the MSF's RERZ Recommendation to the State Administrative Board.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
January 25, 2022

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-011

APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM GRANT TO LANSING ECONOMIC AREA PARTNERSHIP

WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

WHEREAS, pursuant to Section 88t of the MSF Act, MCL 125.2088t, the MSF shall create and operate the Michigan strategic site readiness program to provide grants, loans, and other economic assistance for eligible applicants to conduct eligible activities for the purpose of creating investment-ready sites to attract and promote investment in this state for eligible activities on, or related to, strategic sites and mega-strategic sites (the “Strategic Site Readiness Program”);

WHEREAS, the Strategic Site Readiness Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

WHEREAS, the Lansing Economic Area Partnership (“LEAP”) submitted an application on January 13, 2022, seeking a grant in the amount of \$66,100,000 for public infrastructure and utility upgrades (the “Grant Request”);

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MEDC recommends the MSF approve the Grant Request; and

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request.

NOW, THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate final terms and conditions of the Grant Request and to execute all documents necessary to effectuate the Grant Request.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None